



WILLIAM T FUJIOKA  
Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

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Fifth District

May 14, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

50 May 14, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER  
INPATIENT TOWER RENOVATION PROJECT  
APPROVE REVISED PROJECT BUDGET, APPROPRIATION ADJUSTMENT,  
SCHEDULE, AND VARIOUS SUPPLEMENTAL AGREEMENTS  
SPECS. 7055; CAPITAL PROJECT NO. 88945  
(SECOND DISTRICT)  
(4 VOTES)**

**SUBJECT**

The recommended actions will revise the Project budget and Project completion date, and approve an appropriation adjustment and various supplemental agreements for the Martin Luther King, Jr. Inpatient Tower Renovation Project.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve an increase in the Project budget from \$237,430,000 to \$252,430,000 for the Martin Luther King, Jr. Inpatient Tower Renovation Project.
2. Approve an appropriation adjustment for the Martin Luther King, Jr. Inpatient Tower Renovation Project in the amount of \$15,000,000 offset with tax-exempt commercial paper.
3. Authorize the Director of Public Works, or her designee, to execute a supplemental agreement to Contract PW-13304 with HMC Architects, to provide additional architectural/engineering services for the Martin Luther King, Jr. Inpatient Tower Renovation Project for a \$794,600 not-to-exceed amount.

4. Authorize the Director of Public Works, or her designee, to execute a supplemental agreement to Contract PW-13409 with MLK Partners, a Joint Venture, to provide additional project/construction management services for the Martin Luther King, Jr. Inpatient Tower Renovation Project for a \$3,080,000 not-to-exceed amount.

5. Approve and authorize the Director of Public Works, or her designee, to execute a supplemental agreement to Contract PW-13405 with MLK Project Controls, to provide additional document control services for the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project for a \$650,000 not-to-exceed amount.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will revise the Project budget and completion date of the Martin Luther King, Jr. Medical Center (MLK) Inpatient Tower (IPT) Renovation Project and allow the Department of Public Works (Public Works) to execute supplement agreements to provide additional architectural/engineering services, project/construction management, and document control to support the MLK IPT Renovation Project through construction completion.

#### **Revised IPT Renovation Project Budget**

On August 18, 2009, the Board established Capital Project No. 88945 for the MLK IPT Renovation Project. On October 11, 2011, the Board approved the current Project schedule and overall Project budget of \$237,430,000. Due to Project delays caused by unforeseen site conditions and numerous challenges in completing work by the design-builder, the substantial completion date is delayed from March 15, 2013 to August 31, 2013.

The extended duration of the Project will require additional monies for the design-builder and consultant services, such as inspection/testing services and construction management services, and County staff to support the MLK IPT Renovation Project. This Project budget is being revised to reflect the following: an increase in Job Order Contracts (JOC) scope; an increase in architectural/engineering fees for design-build administration services; an increase in consultant services to support of the MLK IPT Renovation Project; and additional change order contingency.

The increase in JOC scope is to address requirements by the Office of Statewide Health Planning and Development (OSHPD), and to repair/replace existing mechanical equipment that could otherwise impact commissioning of the hospital. In certain cases, JOC is being used to complete various elements of work rather than assigning additional work to the design-builder.

Additional consultant services, such as material testing are required to address various issues encountered in the field during construction.

We are recommending that the Board approve the revised Project budget from \$237,430,000 to \$252,430,000 for the MLK IPT Renovation Project. The Project Budget Summary is included in the Attachment.

#### **HMC Architects Supplement**

On November 3, 2009, the Board authorized a contract with HMC Architects (HMC) to provide design services for the MLK IPT Renovation Project, and the MLK Multi-Service Ambulatory Care

Center (MACC) Project for an \$18,950,000 not-to-exceed amount. Since that time, the need for services from HMC has increased. Under delegated authority, Public Works executed four supplemental agreements for a total of \$300,000. On October 11, 2011, the Board authorized a supplemental agreement in an amount not-to-exceed \$5,239,000 increasing the total contract value to \$24,489,000.

Due to the challenges encountered during construction, additional design-build/construction administration services are required. HMC's services will be required for an extended duration, additional design services to address requirements by OSHPD, and to address existing conditions that could impact commissioning of the hospital. Therefore, we are recommending approval of a supplemental agreement for a \$794,600 not-to-exceed amount to provide additional design and design-build/construction administration support services. Approval of this supplemental agreement will increase the total fee amount of HMC's contract to \$25,283,600. The funds for this supplement will come from additional funds in the revised budget.

### Consultant Services Agreements

Additional consultant services, such as material testing, project construction, and document control are required. We are recommending approval of the following supplemental consultant services agreements:

#### 1. MLK Partners Supplement

On July 6, 2010, the Board awarded a consultant services agreement for project/construction management with MLK Partners, a Joint Venture, to provide project/construction management and support services for the MLK IPT Renovation and MACC Projects for a \$10,000,000 not-to-exceed fee. Since that time, additional project team members were needed on the MLK IPT Renovation Project as the project management and support services efforts became greater than anticipated in the original staffing plan. In addition, the Project will require the support by the project management staff for an extended duration of construction. Public Works has issued a supplemental agreement, under delegated authority, to reallocate funds within the existing agreement, with no increase to the total contract amount. The funds for this supplement will come from additional funds in the revised budget.

We are recommending approval of this supplemental agreement for a \$3,080,000 not-to-exceed amount to provide project/construction management for the MLK MACC and IPT Renovation Projects through their completion. Approval of this supplemental agreement will increase the total fee amount of MLK Partners from \$10,000,000 to \$13,080,000.

#### 2. MLK Project Controls Supplement

On July 6, 2010, the Board awarded a consultant services agreement, Contract PW-13405, with MLK Project Controls to provide project/document control services and augment Public Works project management staff for a \$5,000,000 not-to-exceed amount. In order to ensure adequate support for the MLK IPT Renovation Project, additional services are needed as the project/document control effort is now greater than previously anticipated. The additional effort includes construction scheduling and cost estimating support, as well as project control staff for an extended duration of construction.

Public Works issued a supplemental agreement, under delegated authority, to reallocate \$125,000 within the existing agreement from the MLK MACC Project to the MLK IPT Renovation Project, and

authorized a contract increase of \$75,000 for additional support for the MLK IPT Renovation Project. On April 30, 2013, the Board authorized a supplemental agreement that increased the contract amount by \$585,000 for additional services required for the MLK MACC Project only.

We are recommending that the Board approve a supplemental agreement for a \$650,000 not-to-exceed amount for the MLK IPT Renovation Project. Approval of this supplemental agreement will increase the total fee amount of MLK Project Controls from \$5,660,000 to \$6,310,000. The funds for this supplement will come from additional funds in the revised budget.

#### Green Building/Sustainable Design Program

The MLK IPT Renovation Project supports the Board's policy for Green Building/Sustainable Design Program. The new Ancillary Building, which is part of the MLK IPT Renovation Project will include sustainable design features for certification at a Silver or higher level under the United States Green Building Council Leadership in Energy and Environmental Design for new building construction. The Project includes design features to optimize energy efficiency, such as replacing and/or upgrading the mechanical, electrical and plumbing systems, use of recycled and low-gas emitting materials, and use of alternative transportation methods.

#### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1) by investing in public health infrastructure to enhance the safety of patients and staff. Completion of this Project will provide much needed improvements to the facility and for the residents of the County.

#### **FISCAL IMPACT/FINANCING**

Approval of the appropriation adjustment (Attachment B) will increase the Project budget of the MLK IPT Renovation Project by \$15,000,000 from the \$237,430,000 previously approved by the Board to \$252,430,000.

As previously approved by the Board, the Project is currently funded through the issuance of tax-exempt commercial paper, but will ultimately be financed with proceeds from the issuance of long-term, tax exempt bonds. The MLK IPT Renovation Project Schedule and Budget Summary are included the Attachment A.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The recommended supplemental agreements will be in the form previously reviewed and approved by County Counsel.

These agreements contain terms and conditions supporting the Board's ordinances, policies, and programs, including, but not limited to, County's Greater Avenues for Independence (GAIN) and General Relief Opportunities for Work (GROW) Programs, Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; the Los

Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

## **ENVIRONMENTAL DOCUMENTATION**

On August 18, 2009, the Board established the MLK IPT Renovation and MACC Projects, and found the MLK IPT Renovation Project was categorically exempt from California Environmental Quality Act (CEQA). On October 11, 2011, the Board certified the Final Environmental Impact Report for the MLK Campus Redevelopment Projects, Tiers I and II, and adopted the Mitigation Monitoring Program. The recommended actions are within the scope of the previously approved categorical exemption for the MLK IPT Renovation Project and the previously certified Final Environmental Impact Report.

## **CONTRACTING PROCESS**

### HMC Supplemental Agreement

On November 3, 2009, the Board awarded an agreement with HMC to provide complete design services for the MLK IPT Renovation Project and provide scoping documents for the MLK MACC Project for an \$18,950,000 not-to-exceed amount. On October 11, 2011, a supplemental agreement was approved by the Board for a \$5,239,000 not-to-exceed amount to provide additional design services. Under delegated authority, Public Works issued four supplemental agreements to HMC for additional design/design-build administration services totaling \$300,000.

This supplemental agreement will increase the contract amount by \$794,600 for a revised total amount of \$25,283,600. Public Works has reviewed the proposal and it is considered reasonable for the scope of work.

### Consultant Services Agreements

#### 1. MLK Partners Supplemental Agreement

On July 6, 2010, the Board awarded an agreement to MLK Partners to provide project/ construction management services for the MLK IPT Renovation and MACC Projects. Under delegated authority, Public Works executed a supplemental agreement to reallocate funds within the existing agreement, with no increase in the contract amount. The proposed supplemental agreement will increase the total amount of the contract by \$3,080,000, for a revised total amount of \$13,080,000.

#### 2. MLK Project Controls Supplemental Agreement

On July 6, 2010, the Board awarded an agreement to MLK Partners to provide project/ document control services for the MLK IPT Renovation and MACC Projects. Public Works has issued a supplemental agreement, under delegated authority, to reallocate funds within the existing agreement from the MLK MACC Project to the MLK IPT Renovation Project, and authorize an increase of \$75,000, for additional support for the MLK IPT Renovation Project. On April 30, 2013, the Board approved a supplemental agreement to increase the contract amount by \$585,000 for additional services required for the MLK MACC Project. This supplemental agreement will increase the contract amount by \$650,000 for the MLK IPT Renovation Project for a revised total amount of \$6,310,000.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current County services and projects resulting from approval of the recommended actions. Patient care services in the existing MLK MACC and Hawkins Buildings will continue without interruption during construction.

**CONCLUSION**

Please return an adopted copy of this Board letter to the Chief Executive Office, Capital Projects Division; Department of Health Services, Capital Projects Division; and Department of Public Works, Project Management Division I.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a stylized flourish and a horizontal line.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF RLR:DJT  
SW:TH:zu

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Health Services  
Internal Services  
Public Works

May 14, 2013

## ATTACHMENT A

### DEPARTMENT OF PUBLIC WORKS: MARTIN LUTHER KING JR. MEDICAL CENTER INPATIENT TOWER RENOVATION PROJECT APPROVE REVISED PROJECT BUDGET, SCHEDULE, AND VARIOUS SUPPLEMENTAL AGREEMENTS SPECS. 7055; CAPITAL PROJECT NO. 88945

#### I. PROJECT BUDGET SUMMARY

Project Activity	Board Approved Completion Date	Revised Completion Date
Environmental Impact Report	10/15/2011*	10/15/2011*
<b><u>C.P. 88945</u></b>		
<b>MAKE-READY</b>		
Programming	09/18/2009*	09/18/2009*
Design	04/29/2010*	04/29/2010*
Jurisdictional Agency Approval	07/27/2010*	07/27/2010*
Construction Bid and Award (JOC)	08/19/2010*	08/19/2010*
Construction		
Substantial Completion	11/01/2011	11/01/2011*
Acceptance	12/01/2011	12/01/2011*
<b>INPATIENT TOWER RENOVATION AND SUPPORT SPACE</b>		
Programming	09/18/2009*	09/18/2009*
Design	03/31/2011*	By Design-Builder
Jurisdictional Agency Approval	06/31/2011*	06/31/2011*
Award Design-build	03/01/2011*	03/31/2011*
Construction		
Substantial Completion	01/15/2013	08/31/2013
Acceptance	05/28/2013	12/30/2013
Building Occupancy	06/30/2013	TBD

\*Indicates actual date.

## II. PROJECT BUDGET SUMMARY MLK IPT AND MAKE-READY (C.P. 88945)

Budget Category	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Contract	\$148,684,000	\$ 0	\$ 148,684,000
Job Order Contract	22,855,000	7,804,000	30,659,000
Change Orders Contingency	19,001,000	300,000	19,301,000
Builder's Risk Insurance	0	570,000	570,000
Utility Fees	0	150,000	150,000
Proposer Stipends	400,000	0	400,000
DPW Job Order Contract Management	0	645,000	645,000
Construction Consultants	0	0	0
Telecomm Equipment - Affixed to Building	0	0	0
Civic Arts	0	0	0
Subtotal	\$190,940,000	\$9,469,000	\$ 200,409,000
Programming/Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 19,302,000	\$1,773,000	\$ 21,075,000
Design Contingency	100,000	(100,000)	0
Subtotal *	\$ 19,402,000	\$1,673,000	\$ 21,075,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	256,000	0	256,000
Geotech/Soils Report and Soils Testing	687,000	313,000	1,000,000
Material Testing	1,015,000	1,985,000	3,000,000
Peer Review Services	425,000	145,000	570,000
Inspection Services	2,150,000	650,000	2,800,000
Topographic Surveys	0	60,000	60,000
Construction Management	6,240,000	2,960,000	9,200,000
Document and Project Controls *	3,250,000	650,000	3,900,000
Labor/Outreach/Local Worker Hiring Program	535,000	130,000	665,000
Move Management (Move Manager Only)	0	0	0
Equipment Planning	0	0	0
Consultant Contingency	497,000	(497,000)	0
Subtotal	\$ 15,055,000	\$ 6,396,000	\$ 21,451,000
Miscellaneous Expenditures	\$ 1,000,000	\$ (925,000)	\$ 75,000
Jurisdictional Review/Plan Check/Permit	\$ 3,364,000	\$ 61,000	\$ 3,425,000
County Services			
Code Compliance Inspection	\$ 450,000	\$ (245,000)	\$ 205,000
Quality Control Inspection	0	0	0
Design Review	15,000	33,000	48,000
Design Services	0	0	0
Contract Administration	500,000	(110,000)	390,000
Project Management	240,000	310,000	550,000
Project Management Support Services	5,346,000	(986,000)	4,360,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	421,000	(421,000)	0
ID ITS Communications	175,000	0	175,000
Project Technical Support	52,000	0	52,000
ISD Countywide Contract Compliance Section	215,000	0	215,000
County Counsel	0	0	0
Other - Contract Management - LWHP	0	0	0
Other-Contingency	255,000	(255,000)	0
Subtotal	\$ 7,669,000	\$(1,674,000)	\$ 5,995,000
TOTAL	\$237,430,000	\$15,000,000	\$ 252,430,000

\*Note: Correction made due to mathematical errors in previous Board Letters



## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICE

DEPT'S.  
NO. 060

May 14, 2013

## AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2012-13

4 - VOTES

SOURCES

HEALTH FACILITIES CAPITAL IMPROVEMENT FUND

MLK Inpatient Tower Renovation

J19-CP-94-9276-65057-88945

Commercial Paper Proceeds/CP

INCREASE REVENUE

\$15,000,000

USES

HEALTH FACILITIES CAPITAL IMPROVEMENT FUND

MLK Inpatient Tower Renovation

J19-CP-6014-65057-88945

Capital Assets - Building &amp; Improvements

INCREASE APPROPRIATION

\$15,000,000

SOURCES TOTAL: \$

15,000,000

USES TOTAL: \$

15,000,000

JUSTIFICATION

The appropriation adjustment is necessary to fund the MLK Inpatient Tower Renovation.

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

*Sabra White*  
AUTHORIZED SIGNATURE SABRA WHITE

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

50

MAY 14 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR ---☐

ACTION

☒

RECOMMENDATION

AUDITOR-CONTROLLER

BY

*Karen Siskema*

B.A. NO.

213

May 1 20 13

☒

APPROVED AS REQUESTED

☐

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

*Sabri White*

May 1 20 13

SEND 6 COPIES TO THE AUDITOR-CONTROLLER